



Morton-On-Swale

Parish Council

RFO Commentary on Draft Budget/Precept Schedule for 2027/28

Attached please find the first draft of the budget projections and Precept requirements for 2027/28. This schedule is being submitted at this time for information/comment only. No decision of Council either to confirm or to reject the recommendations in this document will be required until the November Council meeting, at which time an updated (final) version of this Schedule will be presented, and which will confirm the Council's Annual Precept requirement for 2027/8. This then has to be submitted to North Yorkshire Council before the end of the calendar year.

Predicting next year's funding requirements is always a little difficult when we are not yet even half way through the current financial year, since clearly estimates of future expenditure are inevitably better informed by reference to the latest actual costs of the more routine items! However, this first draft can still be refined if appropriate in the light of any actual further routine expenditure that may be invoiced over the next two months. It should however be noted that, at this point in time, the majority of the regular expenditure items for the current year will have already been paid, and these are generally subject only to annual inflation increases anyway (with the exception of the grass cutting contract with Walker's, which is subject to a fixed price 3-year contract, in which we are currently in the 2nd year, so next year's budget provision for this item should be the same as in 2026/7).

The bigger "unknowns" are generally the more non-specific items with no fixed cost such as the servicing and maintenance of the equipment in the Play park, hedge cutting and mole control, and tree safety maintenance etc.

Next year's budget will also need to accommodate two exceptional items.

The first of these is the purchase of a new community defibrillator, which it is estimated is likely to cost around £1,000, although it has previously been agreed (ref the CIL Investment Strategy 2026 Document – Appendix 2) that this will be funded from the currently unspent CIL balance. It is deemed that the current defibrillator will be "past its (effective) use by date" before the end of 2027. A further £100 will also be required for a new set of defibrillator electrode pads (the current ones expire in July 2027), although again it has already been agreed that the purchase cost of these will be met from the CIL balance.

Please note that, in addition to these two particular items, agreement has also been made in the adoption of the CIL Investment Strategy to transfer a further £500 to the 2027/8 budget from the CIL balance to help offset the cost of Play Park Servicing and Maintenance in that year. The total amount that it has been agreed to be transferred from the CIL balance for all of the above to reduce the 2027/28 Precept requirement is £1,620, and this is fully reflected in the attached schedule.

The second exceptional item will be the cost of holding a Parish Council election in May 2027 – the first that will be required in this Parish constitutionally since 2022. If this election is contested then the total cost that could potentially be cross-charged by North Yorkshire Council for administering this election is believed to be somewhere in the region of £1,000-£1,100. If the election is uncontested (as has generally been the case in the more recent past), then there would nevertheless still be a cost, albeit a rather more modest sum. However, at this stage we still have to budget for "the worst case scenario".

Lastly, I have followed the principle, that was previously adopted for the 2026/7 budget, to forecast a sum for "up front expenditure" on events run by the Fund-Raising & Events Committee (FREC) during 2027/28. In the light of this year's experience, I have increased this sum from £750 to £950, but, as in 2026/27 I have also balanced this with what I hope is a realistic expectation of gross receipts from such events of a similar amount, such that the nett effect on the budget/Precept requirement for next year would once again be neutral.

It might perhaps be considered that, in the light of the +£1,500 nett surplus that actually resulted from the 2026 Yorkshire Day Family Fair event, it would be appropriate to reflect this in future budget projections, assuming it is repeated, in determining the nett Precept requirement for 2027/28. I would counter this as follows:-

- 1) Profits from open-air events are inevitably partly dependent on the vagaries of the British weather. We cannot realistically budget on the basis that similar surpluses will necessarily be achieved in future years.
- 2) No decisions have yet been made by Council as to how the nett proceeds of the 2026/27 Yorkshire Day are to be used. The assumption for now is that these could be used in a variety of different ways which are outside the existing budget commitments for the Parish, including (if appropriate), additional/new events and/or the provision of start-up funding for other new events later in the year.
- 3) Unspent surpluses (where not used as above) will of course boost the Parish Council's reserves, which, despite being at a somewhat healthier level than in the past, are still somewhat below the "guideline" of having these equal to one year's annual expenditure. However, it is unrealistic to budget explicitly for this situation.

Summary & Conclusions

The provisional budget calculations suggest an annual Council Precept requirement for 2027/28 of £13,700, an increase of 3.8% over 2026/27. It is estimated that this would sustain our operational reserves at just short of £10,000 (which equates to around 73% of our annual cost commitments). This may seem relatively comfortable, but is still a little short of the level that "good practice" would consider advisable, which is that annual operating reserves should ideally equate to not less than one year's annual outgoings. If we are successful in avoiding a contested election in May 2027, the resulting savings would undoubtedly help this particular cause!!

The only area where I feel that I may possibly have understated expected costs in 2027/28 is Play Park Servicing & Maintenance. Less than half way through 2026/27 we have already spent or committed around £1,350 (including work currently pending/in hand but not yet invoiced) from an annual budget of £1,500. For the purposes of this first draft, I have not so far increased the budget for this heading from the 2026/27 level, despite the newly agreed injection of £500 pa from CIL towards this for the next three years, which effectively reduces the nett cost in 2027/28 to £1,000. However I am not entirely happy that this will be realistic as the installed equipment continues to age, and Council Members may wish to suggest a somewhat higher provision. It should be noted that, for example, increasing the gross annual budget for this item from £1,500 to £2,000 (ie nett £1,500 after CIL contribution) would increase the Precept to £14,200 (+7.5%).

On the other hand, for the second year running I have included a suggested S137 provision of a further £500, even though no expressions of interest have so far been received from third parties for a share of the 2026/27 allocation. Should that remain the situation at the end of the financial year in March, this will be carried forward as a "ring-fenced" sum into 2027/28. However, Council may feel that the apparent lack of interest to date by third parties in laying claim to S137 funding is such that we do not need to add further to the S137 "fund" at this time. This would of course then offset any proposed increase in the 2027/28 budget for the Play Park.

Reported prepared by RFO Roger Dale
on 20th September 2026